

Motion on
“Proactively developing social enterprises”
at the meeting of the Legislative Council on 14 July 2010
Progress Report

The Government is committed to promoting the development of social enterprises (SEs) to enable different sectors and organisations to run businesses with entrepreneurial thinking and innovative approaches to meet the needs of different community groups, with a view to fostering a new caring culture and enhancing social harmony. This is one of the major policy objectives of the Government. We have been implementing a number of initiatives to encourage the establishment and development of SEs in Hong Kong.

2. It was proposed in the motion that the Government should provide SEs with different financing channels, such as capital injection for the establishment of a seed fund and setting up of a loan fund to grant loans to organisations which intend to set up SEs. We understand that SEs, just like any other businesses, face difficulties in the initial stage of their operations. Therefore, we have launched the Enhancing Self-Reliance Through District Partnership Programme (ESR Programme) to provide financial assistance for the establishment and operation of SEs.

3. In the financial year 2006-07, the Government earmarked \$150 million for enhanced district-based poverty alleviation work in the subsequent five years. The purpose was to promote self-reliance amongst the socially disadvantaged, including provision of assistance to SEs. The Home Affairs Department (HAD) has implemented the ESR Programme since 2006 to provide seed grants to eligible organisations for the initial operations of SEs. Since the launch of the ESR Programme, HAD has approved a total grant of around \$100 million to about 100 new SE projects, creating some 1 600 jobs for the underprivileged. The five-year period of the ESR Programme will end next year and we are now reviewing the Programme with a view to providing appropriate support for the long-term development of SEs.

4. In addition to financial support for SEs, we also actively promote cross-sector collaboration to encourage business organisations to offer professional and business advice to SEs, which have little experience in running

a business such that they could enhance their operational strength. In 2008, HAD introduced the Social Enterprises Partnership Programme (SEP Programme) to provide a platform to facilitate partnership among different sectors of the community through a matching forum and the Social Enterprises Mentorship Scheme (SEM Scheme). Since the implementation of the SEM Scheme, 20 mentor/mentee partnerships between SE operators and business organisations/professionals have been formed. The SEM Scheme includes a nine-month mentorship period, during which mentors and mentees will meet at least three times to exchange views and knowledge on business operations. At the end of the mentorship period, both parties will answer a questionnaire for HAD's reference. Thus far, the SEM Scheme has been well-received and gained much support from the entrepreneurs/professionals.

5. It was also proposed in the motion to review the role of the Government in the development of SEs, to provide SEs with more comprehensive support and to introduce a clearer regulatory regime. The Government understands that the sustainable and long-term development of SEs hinges on the cooperation and support of the various stakeholders. The Home Affairs Bureau (HAB) therefore set up the Social Enterprise Advisory Committee (SEAC) in January 2010 with a view to promoting cross-sector and inter-departmental cooperation. The terms of reference of the SEAC are as follows:

- to advise the Government on the formulation of policies and strategies for supporting the sustainable development of SEs in Hong Kong;
- to advise the Government on programmes/activities that promote development of SEs and to monitor their implementation;
- to foster better understanding and encourage closer cooperation amongst relevant stakeholders in the development of SEs; and
- to undertake research studies on matters pertaining to the development of SEs.

6. Members of the SEAC include the Chairman of the Advisory Committee on ESR Programme, SE operators and members from the business

and academic sectors who are keen to promote the development of SEs and representatives from relevant government departments. Through cross-sector and inter-departmental deliberations, members work together to develop policies initiatives for providing comprehensive support to SEs. The SEAC held its first two meetings in March and June this year and members exchanged their views on various issues, including existing policies and support measures for developing SEs, definition of SE and ways to enhance cross-sector collaboration. Upon collecting the views of the members on SE development, the Government will further consolidate the efforts of the Government and the community with a view to bringing about synergy and formulating more effective policies initiatives for developing SEs.

7. Furthermore, the Administration has implemented a number of measures to create a better operating environment and strengthen talent training for SEs. A pilot scheme was introduced in 2008 under which 16 government cleansing service contracts with a total value of some \$6.6 million were awarded to SEs under priority bidding, providing over 150 jobs. The scheme was continued in 2009-10 and 52 government contracts were made available for priority bidding by SEs with the scope extended to include gardening service contracts. Among the 52 contracts, 33 contracts with a total value of \$11 million were awarded to SEs, creating over 200 job opportunities. The effectiveness of the 2009-10 scheme is under evaluation.

8. To promote social entrepreneurship among the younger generation, HAB has commissioned the Chinese University of Hong Kong (CUHK) to organise business plan writing competitions since 2007, with a view to nurturing more talent so as to breathe new life into the development of SEs. The 2009 competition was completed in February 2010. Funding has been provided to CUHK for organising the competition again in 2010. In order to encourage the winning teams to devote more time to put their business plans into practice, we will increase the amount of the internship award for the winning teams.

9. We will continue to work closely with the SEAC and the relevant stakeholders and listen to their views, so as to fine tune the policies and initiatives for promoting the development of SEs.

Home Affairs Bureau
October 2010